

## INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The people of the City of Sausalito do ordain as follows:

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APR 21 2021

City of Sausalito

### Section 1. Title.

The title of this initiative is “Safe Regulation of Cannabis” (“Initiative”).

### Section 2. Findings and Purpose.

A. Findings. The People of the City of Sausalito find and declare the following:

1. In 1996 the voters of the State of California passed Proposition 215, the Compassionate Use Act, that allows the use of cannabis for medical purposes when recommended by a physician and excludes from criminal prosecution the patient and the primary caregiver, as defined; and Marin County voters supported Proposition 215 by the third (3<sup>rd</sup>) highest margin in the state, behind only Santa Cruz and San Francisco counties.
2. In 2003 the State of California enacted Senate Bill 420, the Medical Marijuana Program Act (“MMPA”), which established requirements for the issuance of voluntary identification cards; provided a defense to criminal charges related to the cultivation, possession, sale, or storage of medical cannabis; prohibited the distribution of cannabis for profit; exempted from prosecution qualified patients and designated primary caregivers who associate to collectively or cooperatively cultivate cannabis for medical purposes; required the Attorney General to issue guidelines for the security and non-diversion of medical cannabis; and allowed cities to adopt and enforce laws consistent with the MMPA.
3. In 2015 the State of California enacted Senate Bill 643, Assembly Bill 266, and Assembly Bill 243, comprising the Medical Cannabis Regulation and Safety Act and establishing a comprehensive regulatory framework for the production, transportation, and sale of medical cannabis.
4. In 2016 the voters of the State of California passed Proposition 64, the Adult Use of Marijuana Act, allowing for the adult use of cannabis and establishing regulatory and tax requirements for licensed commercial adult-use cannabis activity including retail sale; and Marin County voters likewise supported Proposition 64 by the third (3<sup>rd</sup>) highest margin in the state, again behind only Santa Cruz and San Francisco counties, and the voters of the City of Sausalito’s (“City”) supported Proposition 64 by a higher margin than even San Francisco.
5. All powers not delegated by the United States Constitution to the United States nor prohibited by it to the states are reserved to the states or the people, pursuant to the Tenth Amendment of the United States Constitution.
6. In the State of California, zoning is a local matter exercised by cities pursuant to the police powers set forth in Article XI, Section 7 of the California Constitution.

B. Purpose. The purpose of this Initiative is to amend the City’s rules, maps, codes, and regulations to protect the safety and welfare of its residents by strictly regulating and providing for the zoning of only one (1) cannabis storefront retailer and one (1) cannabis delivery-only business. To further protect residents, this Initiative prohibits other commercial cannabis activity, such as cultivation,

product manufacturing, and/or distribution for at least one (1) year. This Initiative follows state law and makes minor changes to current City law regarding non-commercial, personal cultivation of Cannabis.

**Section 3. Chapter 10.47 of the City’s Municipal Code is hereby deleted in its entirety and replaced with the following:**

10.47.010—Purpose.

In enacting this Chapter, it is the intent of the City of Sausalito to protect the safety and welfare of the general public by regulating and monitoring medical and adult-use cannabis facilities, commercial cannabis facilities, the delivery of all cannabis, and the commercial cultivation of cannabis within the City’s corporate limits in a manner compliant with state law.

10.47.020—Definitions.

The following words and phrases, whenever used in this Chapter, are defined as follows:

- A. “Cannabis” is as defined by California Business and Professions Code, Division 10, Section 26001, or any successor statute or law.
- B. “Cannabis Business” means any person lawfully engaged, or seeking to engage, in a Commercial Cannabis Activity as set forth by the California Business and Professions Code, Division 10, and state rules and regulations implementing those laws, or any successor statutes or laws.
- C. “Cannabis Business Applicant” is a person, organization, or entity who per the process outlined in this Chapter seeks a business license for a Storefront Cannabis Retail Business or Delivery-Only Cannabis Business from the City of Sausalito.
- D. “Cannabis Business Type” means the classification of Cannabis Business under California Business and Professions Code, Division 10, or any successor statute or law.
- E. “Cannabis Products” is as defined by Section 11018.1 of the California Health and Safety Code, or any successor statute or law.
- F. “Chapter” is chapter 10.47 of the Sausalito Municipal Code, or any successor chapter.
- G. “City” is the City of Sausalito, California.
- H. “City Council” or “Council” is the City Council of Sausalito.
- I. “City Manager” is the City Manager of Sausalito or his/her designee.
- J. “Delivery” is as defined by Section 26001 of the California Business and Professions Code, or any successor statute or law.
- K. “Delivery-Only Business” or “Delivery-Only Cannabis Business” is a person, organization, or entity, whose premises is closed to the public, engaging exclusively in Delivery of Cannabis and Cannabis Products for medical and adult use, in compliance with the regulations for a state non-storefront retail license, type 9, as specified in the California Bureau of Cannabis Control regulation Section 5414, or any successor statute, regulation, or law.

- L. “Licensee” is the persons or organizations who have been selected by the City of Sausalito per the process outlined in this Chapter to obtain a business license for a Storefront Cannabis Retail Business or Delivery-Only Cannabis Business.
- M. “Owner” is a person with an aggregate ownership interest, direct or indirect, of twenty percent (20%) or more in a Cannabis Business, whether a partner, shareholder, member, or the like, including any security, lien, or encumbrance in an ownership interest that, upon default, could become an ownership interest of twenty percent (20%) or more in a Cannabis Business; or a person with a similar aggregate ownership interest of more than one percent (1%) in a Cannabis Business who will be participating in the direction, control, or management of the Cannabis Business.
- N. “Premises” is the legal parcel(s) of land and the improvements on it, including building(s), store(s), shop(s), apartment(s), or other designated structure of a Storefront Retailer or Delivery-Only Business.
- O. “Primary Caregiver” is as defined in Section 11362.7 of the California Health and Safety Code, or any successor statute or law.
- P. “Qualified Patient” is as defined in Section 11362.7 of the California Health and Safety Code, or any successor statute or law.
- Q. “Responsible Person” is the person who is responsible for the operation, management, direction, or policy of a Cannabis Business.
- R. “Storefront Retailer” or “Storefront Cannabis Retail Business” is an organization or entity, whose premises is open to age-verified adults, engaging in storefront retail sale and delivery of Cannabis or Cannabis Products for medical and adult use to patients and customers, in compliance with the regulations for a state Retail License Type 10 (Retail), as specified in the California Business and Professions Code section 26050, subdivision (a)(18), or any successor statute or law.
- S. “School” means any public or private accredited facility providing instruction in kindergarten or any grades one (1) through twelve (12) that is in existence as of April 20, 2021, but does not include any private school in which education is primarily conducted in private homes.

#### 10.47.030—Storefront Retailer Location.

Only one (1) Storefront Cannabis Retail Business license shall be granted.

- A. Storefront Retailer shall be allowed in the commercial land use zones: Central Commercial (CC), Commercial Residential (CR), Neighborhood Commercial (CN-1 and CN-2), Commercial Waterfront (CW), Shopping Center (SC or CS), Industrial (I), and Waterfront (W), including in a permanently moored permitted structure or boat, subject to the following restrictions and regulations contained in this Chapter.
- B. Notwithstanding Subsection (A) above, a Storefront Retailer’s Premises shall be no less than one thousand (1,000) feet from any School, as measured by a straight line from the closest property lines of each. The measurement of distance between uses will take into account natural topographical barriers and constructed barriers such as freeways, flood control

channels, or railroad tracks without pedestrian or automobile crossings that would impede direct physical access between the uses. In such cases, the separation distance shall be measured as the most direct route around the barrier in a manner that establishes direct access.

10.47.040—Delivery Only Business Location.

Only one (1) Delivery-Only Cannabis Business license shall be granted.

- A. Delivery-Only Business shall be allowed in these land use zones: Commercial Waterfront (CW) and Industrial (I), subject to the following restrictions and regulations contained in this Chapter.
- B. Notwithstanding Section (A) above, Delivery-Only Business' Premises shall be no less than one thousand (1,000) feet from any School, as measured by a straight line from the closest property lines of each. The measurement of distance between uses will take into account natural topographical barriers and constructed barriers such as freeways, flood control channels, or railroad tracks without pedestrian or automobile crossings that would impede direct physical access between the uses. In such cases, the separation distance shall be measured as the most direct route around the barrier in a manner that establishes direct access.

10.47.050—Storefront Retailer and Delivery-Only Business Regulations.

- A. Licensee's hours of operation shall be no earlier than 7:00 a.m. and no later than 9:00 p.m., seven (7) days per week. City Council may by resolution limit Storefront Retailer's and/or Delivery-Only Business' hours to 8:00 a.m. to 8:00 p.m. in response to community feedback after Licensee begins operations.
- B. Security shall be provided at the Premises, which shall include operable cameras, alarms, and at least one (1) security guard. The security guard(s) shall be licensed by the State of California and be present on the Premises whenever the Licensee is open for business.
- C. Persons under the age of twenty-one (21) may not enter Storefront Retailer's Premises at any time, except medical patients at least eighteen (18) years of age who possess a valid physician's recommendation in accordance with state law. Storefront Retailer must maintain an electronic age verification device to confirm the age of any individual attempting to enter Premises and/or purchase Cannabis or Cannabis Products. Security shall ensure no minors are present or loitering on the exterior grounds of the Premises during business hours.
- D. No public access or sales shall be allowed on Delivery-Only Business' Premises. Only directors, officers, managers, employees, agents, and contractors of the Delivery-Only Business shall be present on the Premises. Representatives of cultivators, distributors, testing labs, and other state-licensed Cannabis Businesses may be allowed on the Premises with permission and supervision by the Delivery-Only Business to conduct business as required and appropriate. Prior to providing Cannabis and/or Cannabis Products to a delivery customer, Delivery-Only Business employee(s) must confirm the identity and age of the delivery customer via government-issued identification.
- E. All Cannabis and Cannabis Products shall meet or exceed state safety, testing, and packaging standards, and be tracked electronically as part of the state's track-and-trace system. Testing and safety records must be made available to City inspectors and staff upon request.
- F. Consultations by medical professionals shall not be permitted on the Premises.

- G. Licensee shall install and maintain air purification equipment such that no noxious odors or odors of Cannabis are detectable outside of the Premises at any time.
- H. Lighting shall be provided to illuminate the interior of the Premises, facade, and the immediate surrounding area, including any accessory uses, parking lots, and adjoining sidewalks. Lighting shall be hooded or oriented to deflect light away from adjacent properties.
- I. In addition to retail sales, Storefront Retailer may also engage in off-site Delivery from its location to customers. Delivery-Only Business may only engage in off-site Delivery from its location to customers. Delivery must be made by an authorized Licensee employee(s) in an authorized vehicle owned or leased by the Licensee that does not have any visible indications that it is carrying Cannabis. Deliveries may only be made during the Licensee's hours of operation and shall comply with all state rules and regulations.
- J. Any exterior signs on the Premises shall comply with City Code; not contain any words or images that may be appealing to youth; nor contain any references to "cannabis," "marijuana," their synonyms, or images of same.
- K. No alcohol tobacco, or tobacco vape products shall be sold from or consumed on the Premises.
- L. Licensee shall have at least one (1) full-time manager responsible for community relations, whose phone number and email contact is posted on the Premises and made available to City staff and the Police Department.
- M. Licensee shall adhere to all state rules and regulations for its Cannabis Business Type. Any other rules, regulations, public benefit agreement terms, and local permitting requirements imposed on the Licensee by the City shall conform to the state licensing requirements for the Licensee's Cannabis Business Type, as set forth by the California Business and Professions Code, Division 10, and state rules and regulations implementing those laws.

10.47.060—Prohibitions.

The City shall not license, or permit to operate, any Cannabis Storefront Retailer or Delivery-Only Retailer beyond those Licensees provided in this Chapter. All other Cannabis commercial activity, including, but not limited to, Cultivation, Manufacturing, Microbusiness, and Distribution, shall be prohibited in all zones in the City for at least one (1) year after the effective date of this Chapter.

10.47.070—No Change to State Personal Grow Law.

The restrictions and rights under state law regarding non-commercial Cannabis growth and use by Qualified Patients, Primary Caregivers, or other adults shall apply in the City. A person may plant, cultivate, harvest, dry, or process Cannabis plants to the extent allowed under California Health and Safety Code Sections 11362.1(a)(3) and 11362.77, or any successor statutes or laws, subject to all restrictions under California State law inside a single private residence or accessory structure to the residence located on the grounds of that residence; provided that the following standards are met:

- A. The location is fully enclosed and secured against unauthorized entry.
- B. Cannabis cultivation including any lighting, plumbing, or electrical components shall comply

with all applicable building and fire codes.

- C. The use of volatile gas products (butane, *etc.*) for Cannabis cultivation is prohibited.
- D. Cannabis shall not be detectable by sight or smell from adjacent properties or public spaces.
- E. The residential structure shall remain at all times an occupied residence, with legal and functioning cooking, sleeping, and sanitation facilities with proper ingress and egress.
- F. Personal use cultivation may be further restricted, or disallowed, by a building's owner, management, or governing housing association as allowable by state law.

No additional City review or approval shall be necessary or imposed upon personal use cultivation.

10.47.080—Storefront Retailer Application Process.

- A. Within ten (10) days after the effective date of this Chapter, the City Manager shall publish online, and email to any person who has expressed interest in operating a Storefront Cannabis Retail Business in the City and provided their email address, a request for declaration of interest from potential Storefront Retailer applicants. This request shall ask potential Storefront Retailer applicants to provide:
  - 1. Written confirmation they are interested in applying for a Storefront Retailer license in the City; and
  - 2. Written evidence they meet the Minimum Application Standards in Section (B) below.
- B. Within twenty (20) days after publishing the request for declaration of interest, the City Manager shall publish online and send to the City Council a list of all interested Storefront Retailer applicants who met the following “Minimum Application Standards” as of April 20, 2021, and continue to meet them still:
  - 1. At least one (1) Owner resides in the City.
  - 2. At least one (1) Owner has experience managing, operating, or owning a business in the City.
  - 3. At least one (1) Owner has experience managing, operating, or owning a licensed Storefront Cannabis Retail Business in California.
  - 4. At least one (1) Owner has experience managing, operating, or owning a “social equity” Cannabis Business, as “social equity” is defined by the jurisdiction in which the business operates; and applicant commits to prioritize social equity in its hiring and leadership.
  - 5. Since December 31, 2018, applicant or Owner expressed their interest in operating a Storefront Cannabis Retail Business in the City during at least one (1) City Council meeting and individual meetings with at least three (3) current or then-current City Council members.
  - 6. Following City Council’s discussion of cannabis development agreements in 2019, provided a detailed draft development agreement to the City.
  - 7. Commits at least Three Hundred Thousand Dollars (\$300,000) in total community benefits to the City and/or nonprofit(s) of the City’s choosing during its first five (5) years of operation.
  - 8. Hosted or Co-hosted at least two (2) community outreach meetings in the City, attended

at least three (3) meetings of community organizations in the City, and met individually with at least one (1) faith leader in the City to discuss their interest in operating a Storefront Cannabis Retail Business in the City.

C. Within seven (7) days after the City Manager publishes the list of Storefront Retailer applicants who meet the Minimum Application Standards, a Storefront Retailer applicant may appeal the City Manager's determination that it does not meet those standards to the City Council. The appeal shall be submitted in writing to the City Manager and City Clerk. The City Council shall hear and decide upon the appeal within thirty (30) days after the appeal is submitted.

D. If more than one (1) Storefront Retailer applicants meet the Minimum Application Standards:

1. The City Manager shall immediately ask each eligible Storefront Retailer applicant to submit within thirty (30) days a detailed cannabis retail application identifying its proposed location and explaining why it would be best suited to meet the Community Objectives in Part 4 below.
2. Within thirty (30) days after the City Manager delivers the list of eligible Storefront Retailer applicants, the City Council shall select one (1) City resident and one (1) owner of a business in the City, who attest to not have any direct or indirect financial interest in any Cannabis Business in California, to serve on a selection panel with the City Manager.
3. The selection panel shall review the written applications and may interview the applicants and visit the proposed locations.
4. Within thirty (30) days after the City Council names the selection panel members, the panel shall send to the City Council a report with its ranking of the Storefront Retailer applicants based on each applicant's demonstrated ability to meet the following Community Objectives:
  - i. Operate a safe, successful cannabis retail store;
  - ii. Provide financial support to the City and/or nonprofit organizations serving the City;
  - iii. Have owners and managers who are part of the community;
  - iv. Be a respectful, responsive neighbor;
  - v. Support social equity and prioritize Sausalito and Marin City residents for hiring, training, and promotion;
  - vi. Emphasize customer/patient education and service;
  - vii. Create an attractive, welcoming store; and
  - viii. Maximize environmental benefits.
5. Within twenty-one (21) days after the selection panel sends its report to the City Council, the City Council shall by majority vote select the Storefront Retailer applicant to proceed to licensure. If a majority of City Council members present cannot agree on a Storefront Retailer applicant, the selection panel's top choice shall proceed to licensure.

E. If, upon the close of any appeal window or conclusion of any appeal regarding the City Manager's determination of which Storefront Retailer applicants meet the Minimum Application Standards, only one (1) Storefront Retailer applicant meets the Minimum Application Standards, that applicant shall proceed to licensure immediately. The applicant shall identify its proposed location within twenty-one (21) days after it is selected to proceed to licensure.

F. If, upon the close of any appeal window or conclusion of any appeal regarding the City Manager's determination of which Storefront Retailer applicant(s) meet the Minimum Application Standards, no Storefront Retailer applicant meets the Minimum Application Standards:

1. Within fourteen (14) days the City Manager shall publish a request for cannabis retail applications online, asking any interested Storefront Retailers to submit within thirty (30) days a detailed cannabis retail application including its proposed location and explaining why it would be best suited to meet the Community Objectives in Part 4. below.
2. Within thirty (30) days, the City Council shall select one (1) City resident and one (1) owner of a business in the City, who attest to not have any direct or indirect financial interest in any Cannabis Business in California, to serve on a selection panel with the City Manager.
3. The selection panel shall review the written applications and may interview the applicants and visit the proposed locations.
4. Within thirty (30) days after the City Council names the selection panel members, the panel shall send to the City Council a report with its ranking of the Storefront Retail applicants based on each applicant's demonstrated ability to meet the following Community Objectives:
  - i. Operate a safe, successful cannabis retail store;
  - ii. Provide financial support to the City and/or nonprofit organizations serving the City;
  - iii. Have owners and managers who are part of the community;
  - iv. Be a respectful, responsive neighbor;
  - v. Support social equity and prioritize Sausalito and Marin City residents for hiring, training, and promotion;
  - vi. Emphasize customer/patient education and service;
  - vii. Create an attractive, welcoming store; and
  - viii. Maximize environmental benefits.
5. Within twenty-one (21) days after the selection panel sends its report to the City Council, the City Council shall by majority vote select the Storefront Retail applicant to proceed to licensure. If a majority of City Council members present cannot agree on a Storefront Retail applicant, the selection panel's top choice shall proceed to licensure.

10.47.090—Delivery-Only Business Application Process.

- A. Within ten (10) days after the effective date of this Chapter, the City Manager shall publish online, and email to any person who has expressed interest in operating a Delivery-Only Cannabis Business in the City and provided their email address, a request for declaration of interest from potential Delivery-Only Cannabis Business applicants. This request shall ask potential Delivery-Only Cannabis Business applicants to provide:
  1. Written confirmation they are interested in applying for a Delivery-Only Cannabis Business license in the City; and
  2. Written evidence they meet the Minimum Application Standards in Section (B) below.
- B. Within twenty (20) days after publishing the request for declaration of interest, the City Manager shall publish online and send to the City Council a list of all interested Delivery-Only Business applicants who met the following "Minimum Application Standards" as of April 20, 2021, and continue to meet them still:



1. At least one (1) Owner resides in the City.
  2. At least one (1) Owner has experience managing, operating, or owning a business in the City.
  3. At least one (1) Owner has experience managing, operating, or owning a licensed Cannabis Business in California.
  4. Applicant commits to prioritize social equity in its hiring and leadership.
  5. Since December 31, 2018, applicant or Owner expressed their interest in operating a Delivery-Only Cannabis Business in the City to the City Council.
  6. Hosted or co-hosted at least two (2) community outreach meetings in the City, attended at least three (3) meetings of community organizations in the City, and met individually with at least one (1) faith leader in the City to discuss their interest in operating a Delivery-Only Cannabis Business in the City.
- C. Within seven (7) days after the City Manager publishes the list of Delivery-Only Business applicant(s) who meet the Minimum Application Standards, a Delivery-Only Business applicant may appeal the City Manager's determination that it does not meet those standards to the City Council. The appeal shall be submitted in writing to the City Manager and City Clerk. The City Council shall hear and decide upon the appeal with thirty (30) days after the appeal is submitted.
- D. If more than one (1) Delivery-Only Business applicant meets the Minimum Application Standards:
1. The City Manager shall immediately ask each eligible Delivery-Only Business applicant to submit within thirty (30) days a detailed cannabis delivery-only application identifying its proposed location and explaining why it would be best suited to meet the Community Objectives in Part 3. below.
  2. Within thirty (30) days after the City Manager delivers the list of eligible Delivery-Only Business applicants, the City Council shall select one (1) City resident and one (1) owner of a business in the City, who attest to not have any direct or indirect financial interest in any Cannabis Business in California, to serve on a selection panel with the City Manager.
  3. The selection panel shall review the written applications and may interview the applicants and visit the proposed locations.
  4. Within thirty (30) days after the City Council names the selection panel members, the panel shall send to the City Council a report with its ranking of the Delivery-Only Business applicants based on each applicant's demonstrated ability to meet the following Community Objectives:
    - i. Operate a safe, successful business;
    - ii. Provide financial support to the City and/or nonprofit organizations serving the City;
    - iii. Have owners and managers who are part of the community;
    - iv. Be a respectful, responsive neighbor;
    - v. Support social equity and prioritize Sausalito and Marin City residents for hiring, training, and promotion;
    - vi. Emphasize customer/patient education and service; and
    - vii. Maximize environmental benefits.
  5. Within twenty-one (21) days after the selection panel sends its report to the City Council, the City Council shall by majority vote select the Delivery-Only Business

applicant to proceed to licensure. If a majority of the City Council members present cannot agree on a Delivery-Only Business applicant, the selection panel's top choice shall proceed to licensure.

- E. If, upon the close of any appeal window or conclusion of any appeal regarding the City Manager's determination of which Delivery-Only Business applicant(s) meet the Minimum Application Standards, only one (1) Delivery-Only Business applicant meets the Minimum Application Standards, that applicant shall submit to the City Manager within thirty (30) days a detailed cannabis delivery-only application identifying its proposed location and explaining how it will meet the Community Objectives in Section (D)(4) above. The applicant shall then proceed to licensure.
- F. If, upon the close of any appeal window or conclusion of any appeal regarding the City Manager's determination of which Delivery-Only Business applicant(s) meet the Minimum Application Standards, no Delivery-Only Business applicant meets the Minimum Application Standards:
1. The City Manager shall immediately publish a request for cannabis delivery-only applications online, asking any interested Delivery-Only Business to submit within thirty (30) days a detailed application including its proposed location and explaining why it would be best suited to meet the Community Objectives in Part 4 below.
  2. Within thirty (30) days, the City Council shall select one (1) City resident and one (1) owner of a business in the City, who attest to not have any direct or indirect financial interest in any Cannabis Business in California, to serve on a selection panel with the City Manager.
  3. The selection panel shall review the written applications and may interview the applicants and visit the proposed locations.
  4. Within thirty (30) days after the City Council names the selection panel members, the panel shall send to the City Council a report with its ranking of the Delivery-Only Business applicants based on each applicant's demonstrated ability to meet the following Community Objectives:
    - i. Operate a safe, successful business;
    - ii. Provide financial support to the City and/or nonprofit organizations serving the City;
    - iii. Have owners and managers who are part of the community;
    - iv. Be a respectful, responsive neighbor;
    - v. Support social equity and prioritize Sausalito and Marin City residents for hiring, training, and promotion;
    - vi. Emphasize customer/patient education and service; and
    - vii. Maximize environmental benefits.
  5. Within twenty-one (21) days after the selection panel sends its report to the City Council, the City Council shall by majority vote select the Delivery-Only Business applicant to proceed to licensure. If a majority of the City Council members present cannot agree on a Delivery-Only Business applicant, the selection panel's top choice shall proceed to licensure.

#### 10.47.100—Cannabis Business Licensure Process.

Provided the Premises of a Storefront Cannabis Retail Business and/or Delivery-Only Cannabis Business Licensee meets the standards and conditions of this Chapter, the City Manager shall issue the business(es) a license and enter into a public benefit agreement with the Licensee(s)

to operate its Cannabis Business within the City. In adopting this process, the voters of Sausalito seek to minimize the time required from selection of the Storefront Retailer applicant and the Delivery-Only Business applicant to the opening of each business; thus, the City Manager shall issue the license and enter into the public benefit agreement with the Licensee(s) selected by the City Council, or the selection panel's top choice if the City Council is unable to agree upon an applicant, or by default if only one applicant meets the Minimum Application Standards for that license type within ten (10) days after the selection.

A. The public benefit agreement shall provide the following terms:

1. The Licensee shall annually pay the City seven and half percent (7.5%) of its net profits or fifty thousand dollars (\$50,000) per full year in which the Licensee is operational, whichever number is greater ("Annual Payment"). If the Licensee is operational for less than a full year, it shall pay the City seven and half percent (7.5%) of its net profits or the pro rata share of fifty thousand dollars (\$50,000) for that partial year, whichever number is greater.
2. The Annual Payment shall be made no later than sixty (60) days after the Licensee files its annual taxes, provided a Licensee may make early installment payments prior to the deadline for business/cash-flow reasons.
3. The City Manager may request the tax filing of a Licensee to verify the amount due under the public benefit agreement. Any tax information provided by a Licensee to the City Manager shall be deemed trade secret and confidential and shall not be shared with third-parties, or disclosed under the California Public Records Act.
4. If the voters of Sausalito approve a Cannabis tax for the Storefront Cannabis Retail Business and/or Delivery-Only Cannabis Business then that tax shall govern and the Annual Payment shall automatically cease and be of no effect.
5. No other terms may be added to the public benefit agreement without the mutual written consent of the Licensee and the City Manager.

10.47.110—Cannabis Business Regulations.

Any Cannabis Business licensed or seeking to be licensed via this Chapter or any time hereafter shall register with the City Manager and shall comply with the following regulations:

- A. The Responsible Person and Owners of a Cannabis Business shall be subject to a background check. Any person who has been convicted of a serious or violent felony, as defined by state cannabis regulations, may not operate, manage, control, or own a Cannabis Business.
- B. An applicant for a license for a Cannabis Business must provide written proof that the building owner or management acknowledges and approves of the Cannabis Business operating on the Premises.
- C. No Cannabis Business shall be allowed to operate if an Owner or responsible person has been cited or fined by any California jurisdiction for operating a non-permitted cannabis business after October of 2015, when the California Medical Cannabis Regulation and Safety Act passed, which first defined operating rules for Cannabis Businesses in the state.
- D. The City may charge a reasonable registration fee for a Cannabis Business and a reasonable annual fee for a Cannabis Business, to recover the actual costs the City incurs in regulating the business.

- E. A license for a Cannabis Business may be revoked or suspended due to material noncompliance with the business' public benefit agreement, if (1) such noncompliance is not cured within thirty (30) days after written notice from the City; or (2) a state regulatory agency suspends or revokes the Cannabis Business' state cannabis license.
- F. A Cannabis Business shall be subject to any relevant City municipal codes, provided the City conducts its review under the municipal codes within the timelines provided in this Chapter.
- G. A Cannabis Business may sell or transfer interest in or shares of the Cannabis Business to fund its capital expenses, or for other purposes. A Cannabis Business may only sell or transfer one hundred percent (100%) of the interest in or shares of the company with the prior written approval of the City Manager. New Owners will be subject to all the requirements of this Chapter and terms of the Cannabis Business' public benefit agreement.
- H. A Cannabis Business that has obtained a license in the City may subsequently transfer its license to other Premises in the City only with a written letter from the City Manager confirming the new Premises meet all of the requirements in this Chapter. If the City Manager fails to issue a written letter confirming or denying the new Premises meets the requirements of this Chapter within forty-five (45) days of a written request from a Licensee, the transfer shall be deemed approved and the Licensee may transfer his/her/its license to the new Premises.

10.47.120—Amendment of this Chapter.

This Chapter shall only be amended by a subsequent vote of the people. Notwithstanding any other law or provision in this Chapter, the City Council shall have the right and the ability to amend or modify this Chapter under the following circumstances:

- A. After this Chapter has been in effect in the City for a period of three (3) years, the City Council, in its sole and exclusive discretion, determines that regulations, or zoning, outlined in the Chapter warrant adjustment due to inflation, unreasonable cost burdens to the City or Cannabis Businesses, unreasonable regulatory burdens to the City or Cannabis Businesses, or that a zoning or regulatory restriction contained in this Chapter has created any other unnecessary or unanticipated burden to the City or Cannabis Businesses, the City Council shall be granted the power to modify this Chapter to relax the zoning or regulatory burdens on the City and/or Cannabis Businesses. Except as provided in Subsection 10.47.120(B), the City Council may not impose new regulations or restrict any of the activities originally approved under this Chapter.
- B. If the City Attorney determines that the regulations or zoning established in this Chapter no longer conform to the California State regulations for Cannabis activity, the City Council shall be granted the power to make the changes necessary to bring the City's regulation of Cannabis Businesses into compliance with current state law, provided that the City Attorney and/or City Council has no discretion to prohibit the activities allowed by this Chapter.

**Section 4. Effective Date**

This Initiative is considered adopted and effective upon the earliest date legally possible after the Elections Official certifies the vote on the Initiative by the City's voters. All references to days in this Initiative mean calendar days regardless of holidays, business hours, *etc.*

## **Section 5. Implementation of this Initiative**

Upon the effective date of this Initiative, the City is directed to promptly take all appropriate actions needed to implement this Initiative, including but not limited to taking any steps necessary to update any and all City maps, figures, general plans, local coastal programs, and any other documents maintained by the City so they conform to the legislative policies set forth in this Initiative. The Sausalito Community Development Director, or his/her designee, is authorized to make conforming amendments and/or interpretations to the General Plan, Zoning Code, Land Use Maps, Local Coastal Program, and/or other City documents to implement and ensure consistency with this Initiative. The subsequent actions and amendments needed to implement this Initiative shall not delay the licensing and opening of the Storefront Retailer and Delivery-Only Business. The People of the City of Sausalito declare that the Cannabis Businesses authorized under this Initiative may open for business before or during the City's processing of any subsequent actions or amendments.

## **Section 6. Severability**

- A. This Initiative must be interpreted so as to be consistent with all state laws, rules, and regulations. If any section, sub-section, sentence, clause, phrase, part, or portion of this Initiative is held to be invalid or unconstitutional by a final judgment of a court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this Initiative. The voters declare that this Initiative, and each section, sub-section, sentence, clause, phrase, part, or portion thereof, would have been adopted or passed irrespective of the fact that any one (1) or more sections, sub-sections, sentences, clauses, phrases, parts, or portions is found to be invalid. If any provision of this Initiative is held invalid as applied to any person or circumstance, such invalidity does not affect any application of this Initiative that can be given effect without the invalid application.
- B. If any portion of this Initiative is held by a court of competent jurisdiction to be invalid, we the People of the City of Sausalito indicate our strong desire that the City Council use its best efforts to sustain and re-enact that portion, and the City Council implement this Initiative by taking all steps possible to cure any inadequacies or deficiencies identified by the court in a manner consistent with the express and implied intent of this Initiative, including adopting or reenacting any such portion in a manner consistent with this Initiative.
- C. This Initiative must be broadly construed in order to achieve the purposes stated above. It is the intent of the voters that the provisions of this Initiative be interpreted or implemented by the City and others in a manner that facilitates the purpose set forth in this Initiative.

## **Section 7. Consistency with Other Ballot Measures**

This Initiative is inconsistent with and intended as an alternative to any other initiative or measure placed on the same ballot by any means that addresses the same subject matter as this Initiative (each, a "Conflicting Initiative"). In the event that this Initiative and one (1) or more Conflicting Initiatives are adopted by the voters at the same election, then it is the voters' intent that only the measure which receives the greatest number of affirmative votes shall control in its entirety and said other measure or measures shall be rendered void and without any legal effect. In no event shall this Initiative be interpreted in a manner that would permit its operation in conjunction with the non-conflicting provisions of any Conflicting Initiative. If this Initiative is approved by the voters at the same election, and such Conflicting Initiative is later held invalid, this Initiative shall be self-executing and given full force of law.

## **Section 8. California Environmental Quality Act**

The People of the City of Sausalito find that locating a Storefront Cannabis Retail Business or Delivery-Only Cannabis Business within an existing commercial, industrial, waterfront, or mixed-use structure in the City is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15301 under Class 1 (Existing Facilities) and Section 15303 under Class 3 (New Construction or Conversion of Small Structures) of the CEQA Guidelines, California Code of Regulations, Title 14, Division 6, Chapter 3, because it has no potential to have a significant effect on the environment.

## **Section 9. Next Election**

The undersigned voters of Sausalito do hereby request that this Initiative be put to a vote of the people in the next regular or special municipal election.